1936

EIGHTY-THIRD

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1936

Burlington Route

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THE CLEVELAND PUBLIC LIBRARY

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS

HINCKLEY G. ATWOOD.....CHICAGO
LAIRD BELL.....CHICAGO
STEPHEN BIRCH.....NEW YORK
RALPH BUDD.....CHICAGO
CHARLES DONNELLY.....ST. PAUL
EDWARD FLYNN.....CHICAGO
CHARLES F. GLORE.....CHICAGO
ARTHUR CURTISS JAMES.NEW YORK
GRENVILLE KANE.....NEW YORK
FRANK B. KELLOGG.....ST. PAUL
WILLIAM P. KENNEY.....ST. PAUL
BRUCE SCOTT.....CHICAGO
GEORGE T. SLADE.....NEW YORK
R. DOUGLAS STUART.....CHICAGO
WALLACE C. WINTER.....CHICAGO

EXECUTIVE COMMITTEE

RALPH BUDD.....CHAIRMAN

STEPHEN BIRCH
CHARLES DONNELLY
ARTHUR CURTISS JAMES
GRENVILLE KANE
WILLIAM P. KENNEY
BRUCE SCOTT

OFFICERS

RALPH BUDD.....*President and Chairman of Executive Committee, Chicago*
EDWARD FLYNN.....*Executive Vice President, Chicago*
HORACE H. HOLCOMB.....*Vice President, Chicago*
BRUCE SCOTT.....*Vice President and General Counsel, Chicago*
CHARLES I. STURGIS.....*Vice President, Secretary and Treasurer, Chicago*
THOMAS J. THOMAS.....*Assistant to President, Chicago*
ANDREW T. WILLIAMS.....*Assistant Secretary and Assistant Treasurer, Chicago*
EDITH JARVIS ALDEN.....*Assistant Secretary and Transfer Agent, Chicago*
BERT VICKERY.....*Assistant Treasurer, Omaha*
EDWARD M. SHELTON.....*Assistant General Counsel, Chicago*
JAMES CHARLES JAMES.....*General Solicitor, Chicago*
HERBERT W. JOHNSON.....*Comptroller, Chicago*
SHIRLEY L. PORTER.....*General Auditor, Chicago*
FRANK T. DARROW.....*Chief Engineer, Chicago*
WILLIAM W. HENDERSON...*Transfer Agent, Chicago*

NICHOLAS TERHUNE.....
NICHOLAS STOCKHAMMER } *Fiscal Agents, 2 Wall Street, New York*

EUGENE A. BERNHOLZ....
WILLIAM H. VANDERCAR. } *Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY ..... } *Fiscal Agent and Transfer Agent, State and Congress Sts., Boston*

MAY 14 1937 AS GIFT REQUEST

Chicago, January 2, 1937

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1936:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1936	RAILWAY OPERATING REVENUES	1935	Percent of Ry. Oper. Revenue
81.28	$ 79,716,637.52	Freight	$ 66,811,712.26	80.59
8.38	8,217,024.88	Passenger	6,978,040.56	8.42
4.11	4,034,474.27	Mail	3,873,391.51	4.67
1.79	1,760,400.48	Express	1,515,516.01	1.83
2.33	2,288,049.34	All other transportation	1,966,251.59	2.37
1.51	1,479,126.97	Incidental	1,292,231.31	1.56
.60	586,697.34	Joint facility	464,836.15	.56
100.00	$ 98,082,410.80	Total railway operating revenues	$ 82,901,979.39	100.00
		RAILWAY OPERATING EXPENSES		
13.05	$ 12,797,544.71	Maintenance of way and structures	$ 10,824,581.24	13.06
17.15	16,820,494.81	Maintenance of equipment	14,950,519.80	18.03
2.87	2,816,785.97	Traffic	2,600,468.18	3.14
35.22	34,549,545.96	Transportation	30,844,331.66	37.21
1.02	997,012.32	Miscellaneous operations	891,720.32	1.07
3.72	3,645,255.82	General	2,810,197.04	3.39
Cr. .39	Cr. 383,636.17	Transportation for Investment—Credit	Cr. 377,434.48	Cr. .46
72.64	$ 71,243,003.42	Total railway operating expenses	$ 62,544,383.76	75.44
27.36	$ 26,839,407.38	Net revenue from railway operations	$ 20,357,595.63	24.56
	$ 8,411,125.97	Railway tax accruals	$ 5,983,920.25	
	$ 18,428,281.41	Railway operating income	$ 14,373,675.38	
	Dr.2,541,936.04	Hire of equipment—Net	Dr.1,954,134.02	
	Dr.2,437,518.76	Joint facility rents—Net	Dr.2,191,186.53	
	$ 13,448,826.61	Net railway operating income	$ 10,228,354.83	
		OTHER INCOME		
	$ 800,943.84	Miscellaneous rent income	$ 714,925.39	
	485,457.56	Dividends and miscellaneous interest	363,228.32	
	7,948.68	Miscellaneous income	2,739.73	
	$ 1,294,350.08	Total other income	$ 1,080,893.44	
	$ 14,743,176.69	Total income	$ 11,309,248.27	
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
	$ 86,755.88	Miscellaneous rents	$ 32,402.21	
	3,865.10	Miscellaneous income charges	5,842.90	
	$ 90,620.98	Total miscellaneous deductions	$ 38,245.11	
	$ 14,652,555.71	Income available for fixed charges	$ 11,271,003.16	
		FIXED CHARGES		
	$ 154,957.54	Rent for leased roads and equipment	$ 152,691.62	
	9,138,398.89	Interest on funded debt	9,084,635.00	
	56,764.12	Interest on unfunded debt	45,561.70	
	145,271.04	Amortization of discount on funded debt	145,271.04	
	$ 9,495,391.59	Total fixed charges	$ 9,428,159.36	
	$ 5,157,164.12	Income after fixed charges	$ 1,842,843.80	
		DISPOSITION OF NET INCOME		
	$ 5,157,164.12	Dividend appropriation of income		
		Income balance transferred to profit and loss	$ 1,842,843.80	

NOTE:—1935 restated so far as practicable to agree with classification effective Jan. 1, 1936.

STATISTICS OF OPERATIONS

ITEMS	1936	1935
Average mileage of road operated (miles)	9,004.40	9,035.11
TRAIN-MILES		
Freight	16,245,498	14,405,590
Passenger	13,972,422	13,463,599
Total transportation service	30,217,920	27,869,189
Work service	187,830	198,219
LOCOMOTIVE-MILES		
Freight	17,664,941	15,556,671
Passenger	10,662,722	10,245,055
Train and yard switching	6,818,426	5,834,872
Total transportation service	35,146,089	31,636,598
Work service	538,227	488,610
CAR-MILES		
Loaded freight cars	424,778,060	362,941,766
Empty freight cars	258,548,336	233,293,825
Sum of loaded and empty	683,326,396	596,235,591
Caboose	15,159,084	13,465,588
Total freight cars	698,485,480	609,701,179
Coach and combination pass. cars	27,791,433	25,518,657
Sleeping and parlor	21,046,809	19,183,547
Club, lounge, dining and observation	6,563,305	6,451,153
Other	33,872,200	31,908,082
Total passenger cars	89,273,747	83,061,439
Total transportation service	787,759,227	692,762,618
Work service	866,588	979,626
FREIGHT SERVICE		
Tons—revenue freight	31,397,941	25,454,988
Tons—revenue and non-revenue freight	37,590,914	31,323,724
Tons miles—revenue freight	9,062,367,188	7,522,419,565
Tons miles—revenue and non-revenue freight	10,748,209,000	9,052,839,200
PASSENGER SERVICE		
Passengers carried—revenue	8,273,983	7,798,232
Passenger miles—revenue	499,515,927	424,789,338

NOTE:—1935 restated so far as practicable to agree with classification effective January 1, 1936.

STATISTICS OF OPERATIONS—Continued

ITEMS	1936	1935
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,813	1,602
Passenger-train miles	1,898	1,583
Transportation service train-miles	3,356	3,084
Transportation service—locomotive miles	3,903	3,501
Freight service car-miles	77,937	67,818
Passenger service car-miles	12,128	9,768
Freight revenue	$ 8,894.83	$ 7,431.53
Passenger service train revenue	$ 1,950.47	$ 1,498.26
Operating revenues	$10,892.72	$ 9,175.54
" expenses	$ 7,912.02	$ 6,922.37
Net operating revenues	$ 2,980.70	$ 2,253.17
Net railway operating income	$ 1,493.58	$ 1,132.07
Ton-miles—revenue freight	1,011,185	836,726
" " —all freight	1,199,292	1,006,956
Passenger-miles—revenue	67,860	49,956
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	26.15	25.19
Empty freight car-miles	15.92	16.19
Ton-miles—revenue freight	557.84	522.19
" " —all freight	661.61	628.43
Passenger train car-miles	6.39	6.17
Revenue passenger-miles	35.75	31.55
Freight revenue	$ 4.91	$ 4.64
Passenger service train revenue	$ 1.03	$ .95
Operating revenues	$ 3.25	$ 2.97
Operating expenses	$ 2.36	$ 2.24
Net operating revenues	$ .89	$ .73
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	21.33	20.73
" " —all freight	25.30	24.94
Freight revenue	$ .18767	$ .18407
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	10.84	8.99
Passenger revenue	$ .17830	$ .14761
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	288.63	295.52
" " —non-revenue freight	272.22	260.78
" " —all freight	285.93	289.01
" carried—revenue passengers	60.37	54.47
Revenue per ton of freight	$ 2.53891	$ 2.62492
" " ton-mile of freight	$ .00880	$ .00888
" " passenger	$ .99312	$ .89483
" " passenger-mile	$ .01645	$ .01643
Operating ratio	72.64%	75.44%

NOTE:— 1935 restated so far as practicable to agree with classification effective Jan. 1, 1936.

OPERATING REVENUES:

Total Operating Revenues for 1936	$98,082,411	
Total Operating Revenues for 1935	82,901,980	
Increase	$15,180,431	18.31%

The increase was arrived at as follows:

Freight	Increased	$12,904,925	19.32%
Passenger	Increased	1,238,984	17.76%
Mail	Increased	161,083	4.16%
Express	Increased	244,884	16.16%
Other transportation revenue	Increased	321,798	16.37%
Demurrage	Decreased	49,584	55.84%
Other incidental operating revenues	Increased	358,341	21.48%
Total Increase		$15,180,431	18.31%

A comparison of carloads shows:

Total cars (all commodities) in 1936	1,015,083	
Total cars (all commodities) in 1935	844,557	
Increase in 1936	170,526	20.19%
Total cars (all commodities) 10-year average	1,089,812	

Comparison by classes of commodities 1936 with 1935:

Tons carried in 1936	31,397,941	
Tons carried in 1935	25,454,988	
Increase in 1936	5,942,953	23.35%
Tons carried, 10-year average	33,764,907	

	Revenue	Increase	Tons	Increase
Products of Agriculture	$14,319,965	$2,773,725	6,009,499	1,259,608
Animals and Products	9,133,563	1,218,313	1,520,164	184,140
Products of Mines	17,294,986	3,214,230	13,115,306	2,626,442
Products of Forests	4,386,523	546,328	1,563,906	230,069
Manufactures and Miscellaneous	32,259,524	5,342,811	8,645,195	1,579,074
Less Carload Tonnage	6,771,883	609,299	543,871	63,620
Total	$84,166,444	$13,704,706	31,397,941	5,942,953

NOTE: "Revenue" is gross freight revenue without adjustment for absorptions or corrections.

FREIGHT:

Products of Agriculture increased 24.02% in revenue and 26.52% in tonnage.

Wheat increased 29.44% in revenue and 29.36% in tonnage.

Corn increased 37.65% in revenue and 57.41% in tonnage.

Potatoes increased 36.04% in revenue and 22.00% in tonnage.

Sugarbeets increased 12.51% in revenue and 14.38% in tonnage.

Hay and alfalfa decreased 70.94% in revenue and 70.43% in tonnage.

Live stock increased 13.54% in revenue and 13.05% in tonnage.

Total receipts of livestock at the eight primary markets on the line increased 4,089,935 head, 12.08%, while receipts by truck increased 3,411,364 head, 23.24%. Receipts by truck amounted to 47.66% of the total receipts in 1936, compared with 43.34% in 1935.

Bituminous coal increased in revenue $2,129,126, 21.19%, and 1,640,606 tons, 24.24%. System loadings increased in revenue $1,351,-024, 18.99%, and 1,056,156 tons, 22.27%. Tonnage originated on the line was 68.98% of total handled compared with 70.09% in 1935.

Products of forests increased in revenue $546,328, 14.23%, and 230,069 tons, 17.25%.

Manufactures and miscellaneous freight increased 1,579,074 tons, 22.35%, and in revenue 19.85%, the major increases being in agricultural implements, iron and steel, petroleum products, beverages and canned food products.

The greater volume of freight traffic was handled with an increase of 12.77% in train-miles.

The revenue per ton-mile decreased from .888 cents in 1935 to .880 cents in 1936 or .9%. This slight decrease was caused by variations in the character of tonnage handled and drought relief commodities handled at reduced rates.

PASSENGER:

Passenger revenue in 1936 showed an increase of $1,238,984, or 17.76% over 1935. On other than commutation traffic, the increase was 19.67%. This is the third consecutive year that passenger revenue has shown an increase, each of the ten previous years having shown a decrease.

While better business conditions were largely responsible for this improved showing, the inauguration of Zephyr service contributed substantially.

Revenue passengers (excluding commutation traffic) carried one mile increased 72,812,707 or 20.79%. The greater volume of traffic was handled with an increase of only 3.8% in train-miles, which increase was practically all by Chicago-Denver Zephyrs.

The average revenue per passenger-mile, exclusive of commutation, was 1.76c in 1936, as compared with 1.78c in 1935.

OPERATING EXPENSES:

Track and related structures were maintained in condition to handle the increasing volume of business on the present schedules which are substantially faster than those of a few years ago. During the year approximately 1,800,000 new cross ties were placed and there were laid in the principal main lines 102.79 miles of new 112-lb. rail and in the important secondary main lines 19.32 miles of secondhand 110, 100 and 90-lb. rail.

Rolling stock was well maintained. New equipment is tabulated on page 10.

The four additional Zephyr trains referred to in last year's report were received. The two 12-car trains (including power units) were placed in service between Chicago and Denver on November 8, 1936. The two 7-car trains (including power unit) were placed in service between Chicago and the Twin Cities on December 18, 1936. At the close of the year the eight Zephyr trains in service on the Burlington Lines were being operated 5,903 miles a day, or 2,154,595 miles a year.

During the year considerable progress was made in the revision and coordination of the Company's long distance telephone lines.

The gradual improvement in general business conditions was accompanied by many demands for revisions in labor agreements, all involving

substantial increases in operating expenses. As of April 1, 1937, several bills, including the six-hour day, full crew bill, train limit bill, and others have been introduced in the 75th Congress and in the various State legislatures. If enacted into law, these measures would impose burdens on the railways of the country, amounting to from $600,000,000 to $800,000,000 a year, or more than the entire fixed charges of the railways.

EXPENDITURES (Capital):

No construction of new lines was undertaken during the year.

There was a net credit to Capital Account due to abandonment of 49.35 miles of unprofitable branch lines which more than offset the charges for additions and betterments to equipment, the credits and charges being as follows:

For road	Cr.	$3,372,164.77
For equipment		2,557,730.03
For general	Cr.	38,260.95
Total	Cr.	$ 852,695.69

The usual bridge program of improvement and replacement was carried out during the year, the total expenditures, chargeable to Capital Account, being $285,919.13.

The program of line change, grade revision, waterway enlargement and other betterments on account of 1935 floods in the Republican River Valley was completed, capital charges in 1936 amounting to $271,409.27.

To eliminate helper service and expedite train movements on Whitebreast Hill west of Chariton, Ia., 4.68 miles of eastbound second track was constructed at a capital cost of $686,949.84. This converted a congested single track into double track, reduced grade eastbound from 1.3% to 0.66% and curvature from 3 degrees to 1 degree. Between Juniata and Kenesaw, Neb., realignment for a distance of 2.5 miles was completed at a capital cost of $65,829.93. This eliminated 183 degrees of curvature and four curves.

ADDITIONS TO EQUIPMENT:

New Rolling Stock Delivered in 1936:

2—7-car Zephyr-type passenger trains, each including an 1,800-hp. Diesel-Electric locomotive.
2—12-car Zephyr-type passenger trains, each including a two-unit 3,000-hp. Diesel-Electric locomotive.
1—All-steel scale test car.

Built in Company Shops:

3—4-8-4 steam locomotives (Class O-5).
500—Single-sheathed box cars.
500—50-ton composite gondola cars.
82—55-ton all-steel hopper cars.

New Equipment to be built in 1937:

Outside Shops

30—Passenger refrigerator cars.
270—Freight refrigerator cars.
15—65′ Mill-type cars.
2—Stainless steel coach dinette cars.

Company Shops

10—4-8-4 steam locomotives (Class O-5).
1—4-6-4 streamline steam locomotive (Class S-4-A).
418—55-ton all-steel hopper cars.
100—52′ 50-ton steel flat cars.
150—40′ 40-ton steel frame stock cars.
1,000—40′6″ 50-ton single-sheathed box cars.
250—50′ 50-ton automobile cars.
1,500—50-ton composite gondola cars.

IMPROVEMENTS TO EQUIPMENT:

Heavier frames and larger driving axles on 4 Class S-3 locomotives.
Roller bearings on driving wheels, engine and tender trucks, disc wheels on main drivers of 1 Class M-4-A high speed locomotive.
Roller bearings on engine trucks of 2 Class B-1-A locomotives.
Disc wheels on main drivers of 9 Class O-3 and 2 Class B-1-A locomotives.
Alemite lubrication on valve motion of 2 Class B locomotives.
Water capacity of 2 Class O-3 tenders increased from 10,000 to 13,000 gallons.
Furnace bearers on 29 locomotives.
Improved headlights on 36 locomotives.
Force feed lubricators on 9 locomotives.
Applied "B-K" stokers to replace "Street" stokers on 7 Class M locomotives.
Applied slope sheet extension on 19 Class O and M locomotives.
Applied spring type radial buffers on 4 Class S-4 locomotives.
Air conditioning equipment installed in 8 coaches.
Four 60′ all steel mail cars converted to 45′ baggage and 15′ mail cars.
Cast steel truck pedestals on 10 passenger cars.
Eight second hand axle generators on baggage cars.
Cast steel truck sides on 5,315 freight cars.
"AB" brakes on 766 freight cars.
Equipped 134 automobile cars with automobile loaders.
Automobile loaders in 367 cars were modernized.
"Z" bar floor reinforcement on 499 mill type cars.
Steel ends on 52 box cars.
Inside lining was increased 15 inches in 175 box cars.
Brake lever diagram badge plates on 2,308 freight cars.
Steel end platform floors on 101 way cars.
Wooden steps were replaced by steel steps on 104 way cars.

FINANCIAL:

There was no change during the year in the authorized Capital Stock, which remained at $170,839,100.

There was no retirement during the year of outstanding bonds, the same being impracticable under the call provisions of the various mortgages.

The Company issued and sold Equipment Trust 10-year serial 2½ per cent notes to the total amount of $3,950,000, payable on May 1 of each year 1937 to 1946, inclusive. The notes were sold to the highest bidder, the price being 102.72933, which was on the basis of 1.95 per cent yield to maturity. The Trust covered the following equipment:

2—7-car Zephyr trains for service between Chicago, St. Paul, and Minneapolis.
2—12-car Zephyr trains for service between Chicago and Denver.
3—Type 4-8-4 steam locomotives.
250—55-ton all-steel hopper cars.
500—50-ton single-sheathed, steel frame box cars.

BURLINGTON TRANSPORTATION COMPANY:

During the year 1936 the Burlington Transportation Company operated approximately 10,000,000 bus miles over a total of 6,451 highway miles. Operating loss for the year 1936 was $204,749.04 compared with $191,682.58 in 1935.

Contract was entered into, subject to approval of the Interstate Commerce Commission, for the acquisition of one small bus line; namely, the Arrow Stage Lines operating between Omaha and Sioux City.

New bus depots were established during the year at Reno, Las Vegas, Omaha, Ottumwa, Grinnell, Iowa City, Burlington, Davenport, Rock Island, Moline, Aurora and Chicago, the latter being joint with the Santa Fe Trails.

Contract was entered into on January 20, 1937, with the Interstate Transit Lines (C&NW-UP highway subsidiary) whereby in exchange for a stock interest in that Company, highway passenger service will be consolidated with the operations of the Interstate Transit Lines, subject to approval of the Interstate Commerce Commission.

During the year 1936 the Company also operated approximately 2,000,000 truck miles over a total of 1,306 highway miles, at a net profit after taxes and depreciation of $20,638.99.

Contracts were entered into for the acquisition, subject to approval of the Interstate Commerce Commission, of two additional truck lines; namely, the Bell Transfer Company operating between Kansas City and Minneapolis, and between Kansas City and Chicago, and the Sands Motor Express Company operating between the Tri Cities and St. Louis.

PENSION DEPARTMENT:

As previously reported, the Board of Directors, on July 1, 1935, restored the rules and regulations of the Company's voluntary pension plan, and retirements and payments in accordance with the provisions of the plan were continued in 1936.

Following the decision of the Supreme Court which held the Railroad Retirement Act of 1934 unconstitutional, Congress passed a new Railroad Retirement Act, which was approved by the President on August 29, 1935. The question as to the validity of this latter Act and the accompanying Income and Excise Tax Act is now before the courts for determination.

Committees of the railroads and employes have agreed upon a substitute plan, which reduces somewhat the respective contributions and makes certain other changes. If this modified plan is enacted into law by Congress, it is expected that the matter will be settled without further litigation.

The following statement covers the operation of the pension plan for 1936 and since it was established, January 1, 1922:

	1936	From Jan. 1, 1922, to Dec. 31, 1936
Pension disbursements	$1,266,108.59	$12,213,727.94
Number pensioned	220	3,493
Number died	186	1,745
Number on roll Dec. 31, 1936	1,733*	....
Average monthly pension	$59.21	....
Average retirement age	68 years	....
Average years' service	37 years	....

*15 dropped account receiving annuity under the Railroad Retirement Act of 1935.

Thirteen per cent of those retired in 1922 and twenty-four per cent of those retired in 1923 were pensioners on December 31, 1936.

RELIEF DEPARTMENT:

RECEIPTS

	1936	1935
Cash balance at beginning of year	$852,307.63	$222,792.81
Members' contributions	697,606.55	665,458.97
Interest on monthly balances (paid by R. R. Co.)	39,715.32	24,437.97
Income and profit from investments	40,575.00	59,915.25
Total	$1,630,204.50	$972,605.00

DISBURSEMENTS

	1936	1935
Death	$413,012.31	$359,500.25
Disability	215,649.32	197,739.62
Total	$628,661.63	$557,239.87

FEDERAL VALUATION WORK:

This work, during 1936, consisted of complying with the requirements of the Bureau of Valuation of the Interstate Commerce Commission.

INDUSTRIAL:

During the year 182 new industrial leases were issued on railroad property and there were a total of 148 cancellations, leaving a net gain of 34 industrial leases.

On private property served by our tracks 61 new industries were located, 14 industries made additions to existing plants and 39 new industries located on terminal trackage. Thirty new industry tracks and extensions to existing tracks were built and 4 temporary tracks for contractors were installed.

AGRICULTURE:

A severe mid-summer drouth, similar in many respects to that of 1934, greatly reduced production of most farm crops in CB&Q territory. Winter wheat, an early maturing crop, was an exception with an increase of 42% over the low yield of 1935, but a decrease of 8% from the 10-year (1926-35) average. Corn was reduced 44% from the previous year and 45% from the 10-year average. Oat production was only 52% of the previous year, barley 50%, spring wheat 51%, hay 74%, potatoes 66%. Sugar beets, an irrigated crop, increased 17% over 1935 but were 8% below the 10-year average. A heavy infestation of insects accompanied the drouth in northeastern Wyoming, denuding pastures and forcing livestock out of that area. Liquidation of breeding herds of livestock was heavy throughout Lines West territory, Missouri, southern Iowa and parts of Illinois. Livestock feed shortages were so acute in 169 of the 249 counties served by Burlington Lines that the government designated them as drouth areas where freight charges on livestock forwarded and feed received were reduced.

Decreased production increased farm prices, which, together with $167,505,000 in government benefit payments (a reduction of $157,000,000 from 1935) increased total farm income in states served by the Burlington Lines 12% ($362,350,000). 36,888 new Federal Land Bank and Commissioner Loans amounting to $119,895,700 (a reduction of $171,439,000 from 1935) were made to farmers in these states. In addition, emergency government grants and loans of $17,410,686 were made to farmers and other millions were spent in land utilization, resettlement and rural electrification projects.

Government agencies actively developed irrigation in CB&Q territory during 1936. In Wyoming and Montana five projects, which when completed will irrigate 298,000 acres and provide supplemental water to 80,000 acres now irrigated, have received appropriations of $18,071,000 and will require $14,800,000 for completion. In Nebraska three projects designed to irrigate 532,547 acres are under construction. These spent $3,500,000 and will require $30,235,000 to complete. Six additional Nebraska projects which would irrigate 146,000 acres at a cost of $12,166,000 have requested governmental approval. In Colorado one project to supply 200,000 acre feet of supplemental water at a cost of $25,150,000 is under government survey.

The acreage of fall wheat sown for harvest in 1937 increased 18% and the condition of the crop at the close of the year was 76% as compared to 77% the previous year and a 10-year average of 79%. Farm stocks of grains at the close of the year were 68% of the previous year, 40% of the 10-year average. Cattle on feed at the close of the year declined 30%, sheep 23% and swine bred for farrow in 1937 decreased 10%.

During the year the Agricultural Department assisted other agencies in the preservation of herds and flocks, and in promoting soil conservation, irrigation and improved farm conditions in CB&Q territory.

SAFETY AWARD:

In 1936 the Valier Coal Co. was given the Holmes Safety Award for its outstanding safety record. This is the third successive year that the Coal Company has received this award.

The Board of Directors takes this opportunity to express its appreciation of the efficient and wholehearted cooperation of its officers and employes.

By order of the Board of Directors.

RALPH BUDD, President.

INVESTMENT IN ROAD AND EQUIPMENT, CURRENT YEAR

Account		Additions and Betterments
Engineering	Cr.	$ 67,451.34
Land for transportation purposes	Cr.	52,520.16
Grading		366,676.00
Tunnels and subways		4,865.71
Bridges, trestles and culverts		101,507.95
Ties	Cr.	229,009.20
Rails	Cr.	48,780.19
Other track material		273,980.49
Ballast		321,389.21
Track laying and surfacing	Cr.	64,086.63
Right-of-way fences	Cr.	19,034.86
Crossings and signs	Cr.	1,865.30
Station and office buildings	Cr.	668,019.97
Roadway buildings	Cr.	44,624.09
Water stations	Cr.	175,152.47
Fuel stations	Cr.	38,434.04
Shops and engine houses		181,364.87
Grain elevators	Cr.	2,989,961.67
Storage warehouses		247,815.99
Telegraph and telephone lines	Cr.	275,284.27
Signals and interlockers		17,698.00
Power plant buildings	Cr.	637.59
Other R.O.W. expenditures		3,352.21
Power transmission systems	Cr.	6,897.18
Miscellaneous structures	Cr.	439,542.38
Roadway machines		35,432.67
Roadway small tools		2,324.24
Public improvements constr.	Cr.	18,804.97
Shop machinery		227,445.43
Power plant machinery	Cr.	15,911.23
Total expenditures for road	Cr.	$3,372,164.77
Steam locomotives		$ 213,516.50
Other locomotives		1,043,539.27
Freight train cars	Cr.	770,811.38
Passenger train cars		2,178,151.06
Work equipment	Cr.	114,514.86
Miscellaneous equipment		7,849.44
Total expenditures for equipment		$2,557,730.03
Interest during construction	Cr.	$ 38,542.76
Organization expenses		281.81
Total general expenses	Cr.	$ 38,260.95
Grand Total	Cr.	$ 852,695.69

There was no investment in New Lines and Extensions during the year. The above figures include investment in property of the Deadwood Central R.R. Co. deeded to the C. B. & Q. R.R. Co. amounting to $73,376.52.

Credits are due principally to abandonment of branch lines, retirement of equipment and transfer of investment in grain elevators to Miscellaneous physical property as follows:

Hamilton to Tracy, Iowa	$ 242,808.52
Lewistown to W. Havana, Ill.	149,804.24
Clarinda to Norwich, Ia.	301,102.91
Equipment retirements	3,815,067.39
Grain elevators reclassified	3,967,517.62
	$8,476,300.68

EQUIPMENT

CLASS OF EQUIPMENT	Number on Dec. 31, 1935	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1936	Average tractive power all locomotives and average capacity all freight cars
					Lbs.
Locomotives	1,054	7	7	1,054	48,264
Freight-train cars:					
Box cars	23,194	501	1,111	22,584	.....
Flat cars	1,853	.....	83	1,770	.....
Stock cars	4,598	1	477	4,122	.....
Coal cars	12,730	582	1,072	12,240	.....
Caboose cars	593	.....	7	586	.....
Other freight-train cars	105	34	41	98	.....
All classes of freight-train cars	43,073	1,118	2,791	41,400	Tons 43.19
Passenger-train cars-see note					
Coaches	416	8	6	418	.....
Combination passenger cars	116	.....	3	113	.....
Other combination cars	93	10	1	102	.....
Parlor cars	21	6	2	25	.....
Sleeping cars	.....	8	.....	8	.....
Dining cars	33	4	2	35	.....
Baggage and express cars	227	.....	8	219	.....
Postal cars	34	.....	4	30	.....
All classes of passenger-train cars	940	36	26	950	.....
Company service cars:					
Officers' cars	18	.....	.....	18	.....
Ballast cars	1,286	312	274	1,324	.....
Derrick cars	8	.....	1	7	.....
Steam shovels	6	.....	.....	6	.....
Wrecking cars	20	.....	.....	20	.....
Other company service cars	2,213	320	212	2,321	.....
All classes of company service cars	3,551	632	487	3,696	.....
All classes of cars in service	47,564	1,786	3,304	46,046	.....

NOTE:—Coaches include 1 motor car and 49 trailer cars.
Combination passenger cars include 35 motor cars and 6 trailer cars.
Other combination cars include 23 motor cars and 18 trailer cars.

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1935	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1936
Refrigerator cars*	1,830	.....	72	1,758

*Leased to Burlington Refrigerator Express Company.

GENERAL BALANCE SHEET

December 31, 1936

ASSETS

Investments:		
Investment in road and equipment		$585,570,398.08
Improvements on leased railway property		102,622.09
Deposits in lieu of mortgaged property sold		23,202.00
Miscellaneous physical property		4,976,675.36
Investments in affiliated companies:		
Stocks	$31,853,432.16	
Bonds	404,114.69	
Notes	3,686,815.17	
Advances	9,766,839.84	
		45,711,201.86
Other investments:		
Stocks	$ 3,740,584.97	
Bonds	169,360.00	
Notes	216,275.84	
Advances	2,500.00	
Miscellaneous	3,806.00	
		4,132,526.81
Total investments (capital assets)		$640,516,626.20
Current assets:		
Cash	$ 8,811,611.06	
Time drafts and deposits	471,970.62	
Special deposits	2,859,734.67	
Loans and bills receivable	11,206.12	
Traffic and car service balances receivable	817,692.33	
Net balance receivable from agents and conductors	1,133,456.24	
Miscellaneous accounts receivable	2,831,388.04	
Material and supplies	8,933,295.56	
Interest and dividends receivable	10,299.12	
Rents receivable	22,693.37	
Other current assets	150,835.20	
Total current assets		26,054,182.33
Deferred assets:		
Working fund advances	$ 44,504.99	
Other deferred assets	978,150.83	
Total deferred assets		1,022,655.82
Unadjusted debits:		
Insurance premium paid in advance	$ 31,775.11	
Discount on funded debt	4,413,478.00	
Other unadjusted debits	1,526,117.69	
Total unadjusted debits		5,971,370.80
Grand Total		$673,564,835.15

GENERAL BALANCE SHEET

December 31, 1936

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Long term debt:		
Funded debt unmatured:		
First & Refunding Mortgage Series "A" 5's	$40,000,000.00	
First & Refunding Mortgage Series "B" 4½'s	30,000,000.00	
General Mortgage 4's	93,414,000.00	
Illinois Division Mortgage 3½'s	50,835,000.00	
Illinois Division Mortgage 4's	34,165,000.00	
Equipment Trust Certificates 2½'s	3,950,000.00	
Total issued	$252,364,000.00	
Less held by or for the company	28,742,000.00	
Total long term debt outstanding		223,622,000.00
Current liabilities:		
Traffic and car-service balances payable	$ 1,338,631.77	
Audited accounts and wages payable	5,284,488.03	
Miscellaneous accounts payable	2,700,071.43	
Interest matured unpaid	956,709.50	
Funded debt matured unpaid	2,600.00	
Unmatured interest accrued	2,282,251.67	
Other current liabilities	282,769.80	
Total current liabilities		12,847,522.20
Deferred liabilities:		
Other deferred liabilities		90,626.67
Unadjusted credits:		
Tax liability	$ 6,200,565.57	
Premium on funded debt	93,272.27	
Insurance and casualty reserves	1,392,996.20	
Accrued depreciation-equipment	67,316,754.57	
Other unadjusted credits	1,943,528.53	
Total unadjusted credits		76,947,117.14
Corporate surplus:		
Additions to property through income and surplus	$ 869,446.45	
Funded debt retired through income and surplus	44,044,176.95	
Sinking fund reserves	600.00	
Profit and loss	144,304,245.74	
Total corporate surplus		189,218,469.14
Grand Total		$673,564,835.15

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Nominally outstanding held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	4%	Dec. 18	$ 6,833,548.00
MORTGAGE BONDS									
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	$ 40,000,000	$ 40,000,000	.....	$ 40,000,000	5	F. & A.	$ 2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	.....	30,000,000	4½	F. & A.	1,350,000.00
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	†$28,167,000	65,247,000	4	M. & S.	2,609,880.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	50,835,000	50,835,000	386,000	50,449,000	3½	J. & J.	1,765,715.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	34,165,000	189,000	33,976,000	4	J. & J.	1,359,040.00
Total	.....	.....	$248,414,000	$248,414,000	$28,742,000	$219,672,000	.....	.....	$ 9,084,635.00
EQUIPMENT OBLIGATIONS									
Equipment Trust of 1936	May 1, 1936	$ 395,000 May 1 each year to 1946	$ 3,950,000	$ 3,950,000	.....	$ 3,950,000	2½	M. & N.	$ 53,763.89
Total Debt	.....	.....	$252,364,000	$252,364,000	$28,742,000	$223,622,000	.....	.....	$ 9,138,398.89

*Includes $400 scrip on which no dividends are paid.

†Includes $18,294,000 bonds pledged under First and Refunding Mortgage and $2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935, to May 1, 1945.

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public	$223,622,000
Nominally outstanding, held for or by the company	28,742,000
	$252,364,000

First and Refunding Mortgage

This mortgage is a lien on the total mileage of main and branch lines owned by this Company, having an aggregate length of 8,600.40 miles, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all property and equipment appurtenant thereto, and includes its terminals in Chicago, Aurora, Galesburg, Peoria and East St. Louis in Illinois; St. Paul and Winona in Minnesota; St. Louis, Hannibal, Kansas City and St. Joseph in Missouri; Clinton, Dubuque, Burlington, Ottumwa, Des Moines and Council Bluffs in Iowa; Omaha and Lincoln in Nebraska; Denver in Colorado, and elsewhere. This lien is subject to the prior liens of the mortgages described below:

	Miles
The mortgage covers	8,600.40
Of which there are subject to prior liens	
Of the General Mortgage only	6,495.59
Of the General Mortgage and the Illinois Division Mortgage	1,621.71

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the company on 60 days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

No Changes During Year

General Mortgage

This mortgage is a lien on 8,117.30 miles of this Company's main and branch lines, including terminals, equipment and property appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The General Mortgage covers	8,117.30
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,621.71

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No Changes During Year

Illinois Division Mortgage

This mortgage is a first lien on 1,621.71 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

No Changes During Year

EQUIPMENT TRUST OF 1936

This Trust is a first lien on the following equipment:

4 Streamline stainless steel trains Nos. 9904-9907
3 Class 0-5 (4-8-4) locomotives Nos. 5608-5610
250 Hopper coal cars Nos. 192000-192249
500 Box cars Nos. 25500-25999

The notes issued under this Trust Agreement are payable in annual installments of $395,000 on May 1st of each year to 1946.

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks & Sidings*	Total
Colorado	395.56	.47	.....	.....	172.22	568.25
Illinois	1,629.07	472.21	40.89	5.43	1,136.34	3,283.94
Iowa	1,199.55	248.60	.....	.....	332.85	1,781.00
Kansas	221.91	.....	.....	.....	29.83	251.74
Minnesota	23.09	2.71	.....	.....	43.04	68.84
Missouri	1,092.38	112.84	.....	.....	421.70	1,626.92
Montana	134.38	.....	.....	.....	47.21	181.59
Nebraska	2,823.87	26.40	.....	.....	848.78	3,699.05
South Dakota	174.69	.....	.....	.....	59.76	234.45
Wisconsin	228.12	211.17	.....	.....	84.08	523.37
Wyoming	677.78	.....	.....	.....	239.64	917.42
Total	8,600.40	1,074.40	40.89	5.43	3,415.45	13,136.57
Operated under lease or contract	376.23	126.24	.76	.76	368.65	872.64
Grand Total	8,976.63	1,200.64	41.65	6.19	3,784.10	14,009.21

*Includes yard tracks and sidings owned but not operated as follows: Colorado .82 miles, Illinois .99 miles, Iowa .70 miles, total 2.51.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1936	1935	Increase	Decrease
TRANSPORTATION:				
Freight	$ 79,716,637.52	$ 66,811,712.26	$ 12,904,925.26	
Passenger	8,217,024.88	6,978,040.56	1,238,984.32	
Excess baggage	28,138.13	27,379.24	758.89	
Parlor and chair car	36,238.55	30,047.45	6,191.10	
Mail	4,034,474.27	3,873,391.51	161,082.76	
Express	1,760,400.48	1,515,516.01	244,884.47	
Other passenger train	119,547.99	161,525.72		$ 41,977.73
Milk	161,415.53	154,091.36	7,324.17	
Switching	1,942,709.14	1,593,207.82	349,501.32	
Total	$ 96,016,586.49	$ 81,144,911.93	$ 14,871,674.56	
INCIDENTAL:				
Dining and buffet	$ 471,030.48	$ 388,524.81	$ 82,505.67	
Hotel and restaurant	60,320.31	56,346.45	3,973.86	
Station and train privileges	23,537.37	20,911.07	2,626.30	
Parcel room	1,590.50	2,420.10		$ 829.60
Storage—Freight	15,490.37	14,572.09	918.28	
Storage—Baggage	2,047.38	1,735.73	311.65	
Demurrage	39,217.84	88,802.13		49,584.29
Telegraph and telephone	150,195.52	141,131.94	9,063.58	
Stock Yards	155,336.42	151,431.39	3,905.03	
Power	64,720.22	68,821.70		4,101.48
Rents of buildings and other property	175,115.25	164,697.89	10,417.36	
Miscellaneous	320,525.31	192,836.01	127,689.30	
Total	$ 1,479,126.97	$ 1,292,231.31	$ 186,895.66	
Joint facility—Cr.	$ 590,140.17	$ 469,648.10	$ 120,492.07	
Joint facility—Dr.	Dr. 3,442.83	Dr. 4,811.95	1,369.12	
Total	$ 586,697.34	$ 464,836.15	$ 121,861.19	
Total railway operating revenues	$ 98,082,410.80	$ 82,901,979.39	$ 15,180,431.41	

NOTE:—1935 restated so far as practicable to agree with classification effective Jan. 1, 1936.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1936	1935	Increase	Decrease
MAINTENANCE OF WAY AND STRUCTURES				
Superintendence	$ 1,066,068.42	$ 975,940.41	$ 90,128.01	
Roadway maintenance	791,338.32	762,199.33	29,138.99	
Tunnels and subways	7,609.28	3,361.64	4,247.64	
Bridges, trestles and culverts	601,548.15	573,367.94	28,180.21	
Ties	2,311,153.29	2,006,328.53	304,824.76	
Rails	460,999.89	432,732.08	28,267.81	
Other track material	889,879.89	809,671.68	80,208.21	
Ballast	183,834.41	150,484.39	33,350.02	
Track laying and surfacing	2,871,601.60	2,540,912.35	330,689.25	
Fences, snowsheds and signs	147,608.10	157,236.89		$ 9,628.79
Station and office buildings	465,205.44	339,681.01	125,524.43	
Roadway buildings	79,491.80	58,671.04	20,820.76	
Water stations	241,652.84	174,565.85	67,086.99	
Fuel stations	66,997.62	87,478.75		20,481.13
Shops and engine houses	493,812.29	342,873.84	150,938.45	
Wharves and docks	2,185.84	12,253.59		10,067.75
Telegraph and telephone lines	45,182.16	Cr. 9,382.97	54,565.13	
Signals and interlockers	568,088.31	480,656.89	87,431.42	
Power plants	5,721.91	8,986.05		3,264.14
Power transmission systems	18,694.10	8,839.36	9,854.74	
Miscellaneous structures	27,495.89	29,842.64		2,346.75
Roadway machines	188,249.74	173,969.19	14,280.55	
Small tools and supplies	170,174.93	134,877.85	35,297.08	
Removing snow, ice and sand	384,692.92	84,320.51	300,372.41	
Public improvements—Maintenance	114,566.31	54,281.59	60,284.72	
Injuries to persons	113,695.95	62,953.40	50,742.55	
Insurance	21,952.44	25,650.64		3,698.20
Stationery and printing	14,166.67	12,777.11	1,389.56	
Other expenses	1,717.83	521.22	1,196.61	

Maintaining joint tracks, yards and other facilities–Dr.	$ 628,211.99	$ 493,070.43	$ 135,141.56	
Maintaining joint tracks, yards and other facilities–Cr.	Cr. 186,143.62	Cr. 164,541.99		$ 21,601.63
Right-of-way expenses	90.00		90.00	
Total	$ 12,797,544.71	$ 10,824,581.24	$ 1,972,963.47	
MAINTENANCE OF EQUIPMENT				
Superintendence	$ 602,744.40	$ 604,742.28		$ 1,997.88
Shop machinery	416,027.89	303,983.13	$ 112,044.76	
Power plant machinery	65,602.19	52,627.34	12,974.85	
Steam locomotive –Repairs	5,072,956.21	4,393,762.45	679,193.76	
Other locomotive –Repairs	28,107.81	21,514.71	6,593.10	
Freight train cars –Repairs	3,935,210.38	3,151,966.60	783,243.78	
Passenger train cars –Repairs	1,350,565.26	1,110,769.80	239,795.46	
Work equipment –Repairs	405,774.47	345,160.06	60,614.41	
Miscellaneous equipment –Repairs	5,950.03	4,575.22	1,374.81	
Injuries to persons	65,802.76	77,580.18		11,777.42
Insurance	36,273.26	42,885.49		6,612.23
Stationery and printing	11,488.02	10,241.09	1,246.93	
Other expenses	5,006.65	2,244.64	2,762.01	
Maintaining joint equipment –Dr.	177,240.41	154,104.45	23,135.96	
Maintaining joint equipment –Cr.	Cr. 16,425.74	Cr. 27,823.22	11,397.48	
Total	$ 12,162,324.00	$ 10,248,334.22	$ 1,913,989.78	
Equipment –Retirements	$ 57,877.97	$ 60,223.35		$ 2,345.38
Equipment –Depreciation	4,600,292.84	4,641,962.23		41,669.39
Total	$ 4,658,170.81	$ 4,702,185.58		$ 44,014.77
Total	$ 16,820,494.81	$ 14,950,519.80	$ 1,869,975.01	

NOTE:—1935 restated so far as practicable to agree with classification effective Jan. 1, 1936.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1936	1935	Increase	Decrease
Traffic				
Superintendence	$ 792,327.08	$ 751,095.79	$ 41,231.29	
Outside agencies	1,200,411.09	1,143,225.22	57,185.87	
Advertising	530,066.54	416,821.83	113,244.71	
Traffic associations	64,514.07	77,521.69		$ 13,007.62
Industrial and immigration bureaus	24,444.52	22,194.35	2,250.17	
Insurance	578.93	343.30	235.63	
Stationery and printing	191,906.92	180,691.47	11,215.45	
Other expenses	12,536.82	8,574.53	3,962.29	
Total	$ 2,816,785.97	$ 2,600,468.18	$ 216,317.79	
Transportation				
Superintendence	$ 854,252.97	$ 845,661.20	$ 8,591.77	
Dispatching trains	497,450.98	473,847.45	23,603.53	
Station employes	4,699,504.75	4,468,652.28	230,852.47	
Weighing, inspection and demurrage bureaus	142,097.67	129,720.39	12,377.28	
Station supplies and expenses	321,475.85	288,582.24	32,893.61	
Yardmasters and yard clerks	749,673.84	691,522.99	58,150.85	
Yard conductors and brakemen	2,565,596.11	2,106,889.48	458,706.63	
Yard switch and signal tenders	118,376.85	117,025.90	1,350.95	
Yard enginemen	1,658,597.25	1,367,290.11	291,307.14	
Yard motormen	24,408.65	24,666.27		$ 257.62
Yard switching fuel	656,675.51	591,520.78	65,154.73	
Water for yard locomotives	82,812.83	73,313.68	9,499.15	
Lubricants for yard locomotives	17,602.23	16,067.27	1,534.96	
Other supplies for yard locomotives	23,444.88	19,126.42	4,318.46	
Enginehouse expenses—Yard	293,556.89	263,167.27	30,389.62	
Yard supplies and expenses	50,363.69	46,703.11	3,660.58	
Operating joint yards and terminals—Dr	1,448,623.77	1,363,812.08	84,811.69	
Operating joint yards and terminals—Cr	Cr. 130,097.06	Cr. 151,682.38	21,585.32	
Train enginemen	4,541,362.75	4,060,501.18	480,861.57	
Train motormen	350,904.05	256,107.30	94,796.75	

Train fuel	$ 4,457,790.20	$ 4,064,566.16	$ 393,224.04	
Water for train locomotives	412,283.87	373,734.77	38,549.10	
Lubricants for train locomotives	126,486.20	109,660.21	16,825.99	
Other supplies for train locomotives	87,141.64	74,191.48	12,950.16	
Enginehouse expenses—Train	883,102.83	817,510.08	65,592.75	
Trainmen	5,352,189.64	4,693,406.04	658,783.60	
Train supplies and expenses	1,860,122.13	1,638,812.67	221,309.46	
Signal and interlocker operations	438,323.47	423,958.36	14,365.11	
Crossing protection	267,589.34	274,920.04		$ 7,330.70
Drawbridge operation	15,944.36	14,130.19	1,814.17	
Telegraph and telephone operation	298,332.00	270,671.40	27,660.60	
Stationery and printing	124,708.00	118,928.11	5,779.89	
Other expenses	84,218.14	25,019.48	59,198.66	
Operating joint tracks and facilities—Dr.	316,706.64	307,992.48	8,714.16	
Operating joint tracks and facilities—Cr.	Cr. 183,373.98	Cr. 193,265.30	9,891.32	
Insurance	10,811.50	11,822.34		1,010.84
Clearing wrecks	50,422.38	42,196.51	8,225.87	
Damage to property	112,370.51	56,950.92	55,419.59	
Damage to live stock on right-of-way	72,512.30	76,569.15		4,056.85
Loss and damage—Freight	441,399.63	354,284.37	87,115.26	
Loss and damage—Baggage	659.86	936.68		276.82
Injuries to persons	353,120.84	234,840.50	118,280.34	
Total	$ 34,549,545.96	$ 30,844,331.66	$ 3,705,214.30	
MISCELLANEOUS OPERATIONS				
Dining and buffet service	$ 787,757.74	$ 679,985.90	$ 107,771.84	
Hotels and restaurants	60,490.36	58,153.28	2,337.08	
Stockyards	117,462.98	119,591.93		$ 2,128.95
Producing power sold	31,301.24	33,989.21		2,687.97
Total	$ 997,012.32	$ 891,720.32	$ 105,292.00	
GENERAL				
Salaries and expenses of general officers	$ 243,017.31	$ 233,701.49	$ 9,315.82	
Salaries and expenses of clerks and attendants	1,501,392.54	1,461,839.21	39,553.33	
General office supplies and expenses	90,764.82	78,869.07	11,895.75	
Law expenses	225,938.70	223,307.94	2,630.76	
Insurance	9,818.29	2,280.89	7,537.40	
Relief department expenses	81,067.17	80,949.72	117.45	

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1936	1935	Increase	Decrease
General—Cont.				
Pensions (See Note)	$ 1,266,108.59	$ 542,287.56	$ 723,821.03	
Stationery and printing	57,536.79	43,963.80	13,572.99	
Valuation expenses	4,269.61	10,574.66		$ 6,305.05
Other expenses	90,625.55	85,415.80	5,209.75	
General joint facilities —Dr.	76,231.06	44,927.80	31,303.26	
General joint facilities —Cr.	Cr. 1,514.61	Dr. 2,079.10		3,593.71
Total	$ 3,645,255.82	$ 2,810,197.04	$ 835,058.78	
Transportation for investment —Credit	Cr. 383,636.17	Cr. 377,434.48		$ 6,201.69
Total operating expenses	$ 71,243,003.42	$ 62,544,383.76	$ 8,698,619.66	
Operating Ratio	72.64%	75.44%		2.80
Net Revenue from Railway Operations	$ 26,839,407.38	$ 20,357,595.63	$ 6,481,811.75	
Railway tax accruals	$ 8,411,125.97	$ 5,983,920.25	$ 2,427,205.72	
Railway Operating Income	$ 18,428,281.41	$ 14,373,675.38	$ 4,054,606.03	
Rent Income				
Rent from equipment	$ 365,667.24	$ 334,832.36	$ 30,834.88	
Joint facility rent income	577,005.86	554,562.57	22,443.29	
Total rent income	$ 942,673.10	$ 889,394.93	$ 53,278.17	
Rents Payable				
Rent for equipment	$ 2,907,603.28	$ 2,288,966.38	$ 618,636.90	
Joint facility rents	3,014,524.62	2,745,749.10	268,775.52	
Total rents payable	$ 5,922,127.90	$ 5,034,715.48	$ 887,412.42	
Net rents	Dr.$ 4,979,454.80	Dr.$ 4,145,320.55	$ 834,134.25	
Net Railway Operating Income	$ 13,448,826.61	$ 10,228,354.83	$ 3,220,471.78	

NOTE:—Increase in pensions due to credit in 1935 of amount accrued under the Federal Pension Law, declared unconstitutional.
1935 restated so far as practicable to agree with classification effective Jan. 1, 1936.

OTHER INCOME				
Income from lease of road and equipment	$ 144,486.28	$ 7,168.07	$ 137,318.21	
Miscellaneous rent income	502,466.76	697,661.89		$ 195,195.13
Miscellaneous non-operating physical property	153,990.80	10,095.43	143,895.37	
Dividend income	178,404.86	164,398.84	14,006.02	
Income from funded securities	180,905.10	171,119.99	9,785.11	
Income from unfunded securities and accounts	126,147.60	27,709.49	98,438.11	
Release of premium on funded debt	5,540.76		5,540.76	
Miscellaneous income	2,407.92	2,739.73		331.81
Total other income	$ 1,294,350.08	$ 1,080,893.44	$ 213,456.64	
Total income	$ 14,743,176.69	$ 11,309,248.27	$ 3,433,928.42	
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 25,494.93	$ 20,990.77	$ 4,504.16	
Miscellaneous tax accruals	61,260.95	11,411.44	49,849.51	
Miscellaneous income charges	3,865.10	5,842.90		$ 1,977.80
Total miscellaneous deductions	$ 90,620.98	$ 38,245.11	$ 52,375.87	
Income available for fixed charges	$ 14,652,555.71	$ 11,271,003.16	$ 3,381,552.55	
FIXED CHARGES				
Rent for leased roads and equipment	$ 154,957.54	$ 152,691.62	$ 2,265.92	
Interest on funded debt	9,138,398.89	9,084,635.00	53,763.89	
Interest on unfunded debt	56,764.12	45,561.70	11,202.42	
Amortization of discount on funded debt	145,271.04	145,271.04		
Total fixed charges	$ 9,495,391.59	$ 9,428,159.36	$ 67,232.23	
Net income	$ 5,157,164.12	$ 1,842,843.80	$ 3,314,320.32	
Dividend appropriations of income	$ 5,157,164.12		$ 5,157,164.12	
Income balance transferred to Profit and Loss		$ 1,842,843.80		$ 1,842,843.80

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

	1936	1935	Increase	Decrease
Debits:				
Dividend appropriations of surplus	$ 1,676,383.88	$ 3,416,774.00		$ 1,740,390.12
Surplus appropriated for investment in physical property	111,308.95	79,849.24	$ 31,459.71	
Debits from retired road and equipment	2,382,497.62	2,009,696.10	372,801.52	
Miscellaneous debits	853,725.34	1,701,675.84		847,950.50
Credit balance carried to balance sheet	144,304,245.74	149,196,340.80		4,892,095.06
	$ 149,328,161.53	$ 156,404,335.98		$ 7,076,174.45
Credits:				
Credit balance at beginning of year	$ 149,196,340.80	$ 154,526,353.67		$ 5,330,012.87
Credit balance transferred from income		1,842,843.80		1,842,843.80
Credit from retired road and equipment	2,326.45	Dr. 721.06	$ 3,047.51	
Unrefundable overcharges		3,170.77		3,170.77
Donations	111,308.95	79,849.24	31,459.71	
Miscellaneous credits	18,185.33	Dr. 47,160.44	65,345.77	
	$ 149,328,161.53	$ 156,404,335.98		$ 7,076,174.45

QUINCY, OMAHA & KANSAS CITY RAILROAD COMPANY

COMPARATIVE STATEMENT OF INCOME

YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1936	RAILWAY OPERATING REVENUES	1935	Percent of Ry. Oper. Revenue
83.89	$334,609.79	Freight	$ 323,821.54	83.70
4.26	16,977.14	Passenger	16,806.81	4.34
9.10	36,317.29	Mail	35,385.33	9.14
1.26	5,043.28	Express	4,786.86	1.24
.73	2,899.92	All other transportation	3,464.35	.90
.76	3,040.20	Incidental	2,636.64	.68
100.00	$398,887.62	Total railway operating revenues	$ 386,901.53	100.00
		RAILWAY OPERATING EXPENSES		
43.65	$174,112.54	Maintenance of way and structures	$150,829.98	38.98
13.66	54,506.15	Maintenance of equipment	51,096.31	13.21
.81	3,247.83	Traffic	4,252.29	1.10
45.30	180,677.41	Transportation	172,763.01	44.65
4.70	18,759.22	General	17,665.25	4.57
Cr. .07	Cr. 292.00	Transportation for investment—Credit	Cr. 555.00	Cr. .14
108.05	$431,011.15	Total railway operating expenses	$396,051.84	102.37
Dr. 8.05	Dr.$ 32,123.53	Net revenue from railway operations	Dr.$ 9,150.31	Dr.2.37
.....	$ 54,978.67	Railway tax accruals	$ 47,778.00	.....
.....	Dr.$ 87,102.20	Railway operating income	Dr.$ 56,928.31	.....
.....	Dr. 10,207.52	Hire of equipment—Net	Dr. 9,493.36	.....
.....	Dr. 18,403.44	Joint facility rents—Net	Dr. 17,719.66	.....
.....	Dr.$115,713.16	Net railway operating income	Dr.$ 84,141.33	.....
		OTHER INCOME		
.....	$ 5,652.33	Miscellaneous rent income	$ 6,182.20	.....
.....	58.46	Income from unfunded sec. and accts.	100.06	.....
.....	.....	Miscellaneous Income	20.00	.....
.....	$ 5,710.79	Total other income	$ 6,302.26	.....
.....	Dr.$110,002.37	Total income	Dr.$ 77,839.07	.....
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
.....	$ .88	Interest on unfunded debt	.....	.....
.....	Dr.$110,003.25	Income balance transferred to profit & loss	Dr.$ 77,839.07	.....

NOTE:—1935 restated so far as practicable to agree with classification effective Jan. 1, 1936.

1936

Burlington
Route